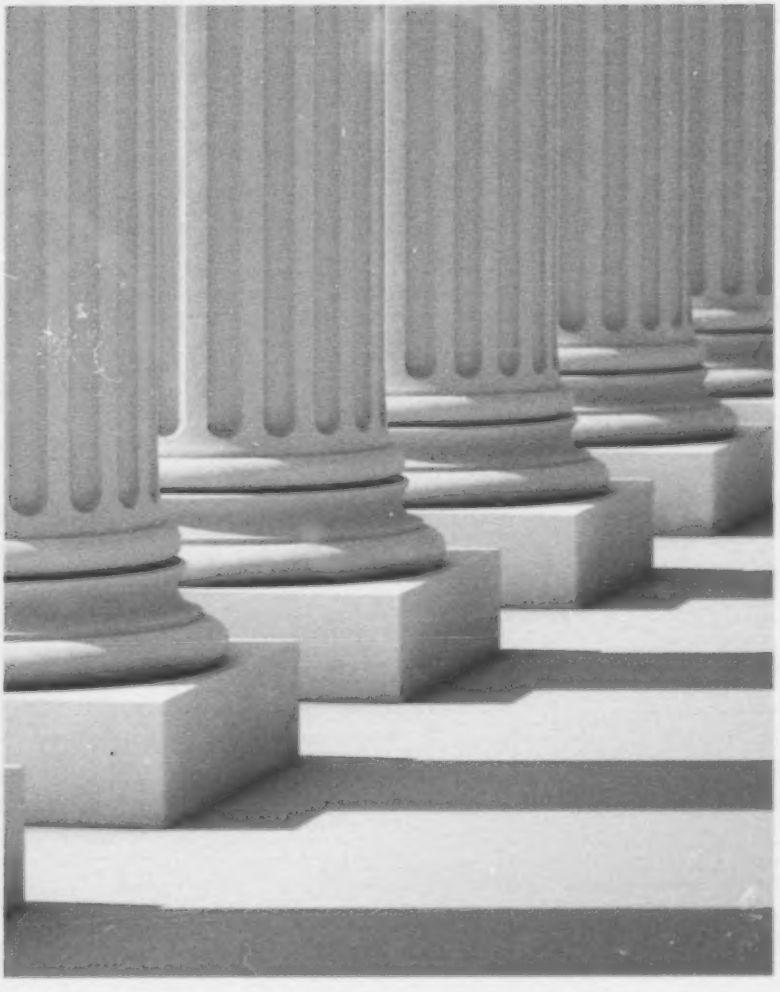
ALBERTA LAW REFORM INSTITUTE ANNUAL REPORT 2015 2016

ALBERTA
LAW REFORM
INSTITUTE



FROM THE CHAIRMAN

Honourable Judge Charles Gardner, Chairman

The Alberta Law Reform Institute [ALRI] has experienced plenty of change over the last year. In 2015, we said goodbye to James Peacock, QC, who served as the Chair of the Board from 2010 to 2015. As well, ALRI's long-serving Director, Peter Lown, QC, retired after 28 years at its helm. Both James and Peter made tremendous contributions to law reform in the province of Alberta, and we thank them both for their service.

This is my first Annual Report as Chair of the ALRI Board and I am thrilled to have the opportunity to work closely with the other ALRI Board members, ALRI staff and legal counsel, and ALRI's incoming Executive Director, Sandra Petersson. While the stability of our funding remains a concern, both Sandra and I are committed to continuing to build strong relationships with our main funders and our founding partners.

ALRI is adapting to the challenges and opportunities associated with conducting law reform in our increasingly electronic society. Since January 1, 2015, our reports are published exclusively online. All of our publications, including past reports, are available for download on our website. We are also exploring electronic methods of consultation, such as online surveys.

Next year marks ALRI's 50th anniversary and, as we approach this milestone, we will continue to strive towards excellence in provincial law reform.

FROM THE EXECUTIVE DIRECTOR

Sandra Petersson, Executive Director

I am excited and honoured by the opportunity to be ALRI's fifth director. Having worked at ALRI since 2002, I know we have an amazing team of legal counsel and administrative staff. Their experience, enthusiasm and dedication to law reform are strong assets for any director and it is my privilege to support them through leadership.

ALRI has consistently had outstanding Alberta lawyers, academics and judges serving on our Board and our current Board is no exception. The breadth of legal, practical and governance expertise that they bring is essential to ALRI's ability to advance just and effective proposals for law reform.

I would be remiss if I did not express my appreciation for the lifelong work of our Directors Emeriti – Bill Hurlburt, QC and Peter Lown, QC. I have learned much from the examples they have set. No other law reform agency in the Commonwealth has had such stalwart support from their generational founders to move forwards to the future.

BOARD AND STAFF

Board Members

Nigel Bankes	Professor, Faculty of Law, University of Calgary
Donald Cranston, QC	Partner, Bennett Jones
Mona Duckett QC, *Vice Chair*	Partner, Dawson Duckett Shaigec & Garcia
James Eamon QC	Partner, Gowling WLG
The Honourable Judge Charles Gardner, *Chair*	Assistant Chief Judge, Provincial Court of Alberta
The Honourable Justice Karen Horner	Court of Queen's Bench of Alberta
Anne Kirker, QC	Partner, Norton Rose Fulbright Canada LLP
Paul Paton	Dean, Faculty of Law, University of Alberta
Sandra Petersson	Executive Director, Alberta Law Reform Institute
Karen Platten, QC	Partner, McLennan Ross LLP
Nolan Steed, QC	Executive Director, Legal Policy and Ministerial Services Branch, Alberta Justice and Solicitor General
Roderick Wood	Professor, Faculty of Law, University of Alberta

Staff

Laura Buckingham	Counsel
Carol Burgess	Operations Manager
Barry Chung	Communications Associate
Debra Hathaway	Counsel
Ilze Hobin	Administrative Assistant
William Hurlburt, QC	Special Advisor (pro bono)
Jenny Koziar	Executive Assistant
Katherine MacKenzie	Counsel
Robyn Mitchell	Counsel
Sandra Petersson	Executive Director
Geneviève Tremblay-McCaig	Counsel

WHO WE ARE

The Institute of Law Research and Reform was established in 1967 and renamed the Alberta Law Reform Institute in 1989. We were founded by the Attorney General of Alberta, the Governors of the University of Alberta and the Law Society of Alberta. We operate through the ongoing agreement of our founding partners and with operating funding provided by the Alberta Law Foundation, Alberta Justice and Solicitor General, and the University of Alberta. Funding in kind is also provided by the University of Alberta and the University of Calgary.

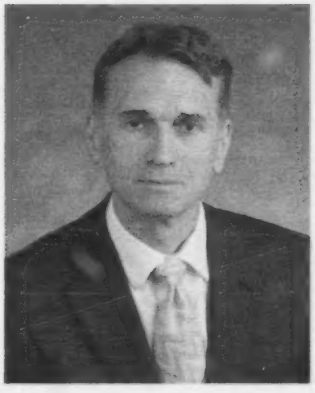
ALRI Board

Our Board consists of members appointed by our founding partners:

- **one elected Bencher, appointed by the Law Society of Alberta**
- **two persons appointed by the Minister of Justice and Solicitor General**
- **the Provost of the University of Alberta or an academic staff member appointed by the Provost**

Other Board members are appointed as follows:

- **one person appointed by the Faculty of Law at the University of Alberta**
- **one person appointed by the Faculty of Law at the University of Calgary**
- **four to seven additional members chosen by the other members of the Board**
- **ALRI's executive director**



In the past year we welcomed two new Board members. Professor Roderick Wood rejoins us as the appointee of the Faculty of Law at the University of Alberta. Professor Wood previously served as the Faculty's appointee from 1997 to 2001 before his appointment to the Law Commission of Canada. Professor Wood replaces former Dean Philip Bryden, QC who served dual roles as both the Faculty and Provost's appointee for the University of Alberta. We are delighted to continue to work with former Dean Bryden in his new role as Deputy Minister of Justice and Deputy Solicitor General.

WHO WE ARE

Donald Cranston, QC joins us as the new appointee of the Benchers of the Law Society of Alberta. The Benchers' previous appointee, James Eamon, QC, completed a highly successful term as Law Society President in January. The ALRI Board was unanimous in appointing him to a further term as a member at large.

The past year also saw two further changes in our Board composition. We said au revoir to William (Bill) Hurlburt, QC, LLD in his role as a Board member. Bill has been associated with ALRI since its very beginning in 1967. He has been an active participant in all 108 final reports that the Institute has published as well as all of its almost 150 projects. He served as Director from 1974 to 1986 and was appointed Director Emeritus on his retirement. His service to law reform was acknowledged at a Board meeting in October 2015 where, by unanimous special resolution, he was appointed to the position of Special Advisor to the Institute. He has provided and continues to provide invaluable advice to the Board and Staff and we welcome his participation in his new role.

The end of 2015 also saw the retirement of long-serving Director, Peter Lown, QC. Peter was appointed as Director in 1988. During his tenure he led the Institute through many challenges and successes, including office computerization from a central word processing system to digital publication of ALRI reports. The Institute was renamed and rebranded in 1989, a reserve fund was established to advance ALRI's viability and in 2001, a second ALRI office was created at the University of Calgary, Faculty of Law. Peter has been a prominent advocate for independent law reform and his expertise in this area has been sought both nationally and internationally. His service has been recognised by his appointment as Queen's Counsel in 1994, a Distinguished Service Award from the Law Society of Alberta in 2007 and the Alberta Centennial Medal in

WHO WE ARE

2005. Peter's accomplishments as Director were celebrated at a special lunch and reception held in December. It was a tribute to Peter that so many former Board members, staff and colleagues were able to join us to both celebrate his career so far and to wish him well in future endeavours. By unanimous resolution of the Board he was appointed Director Emeritus.

ALRI Staff

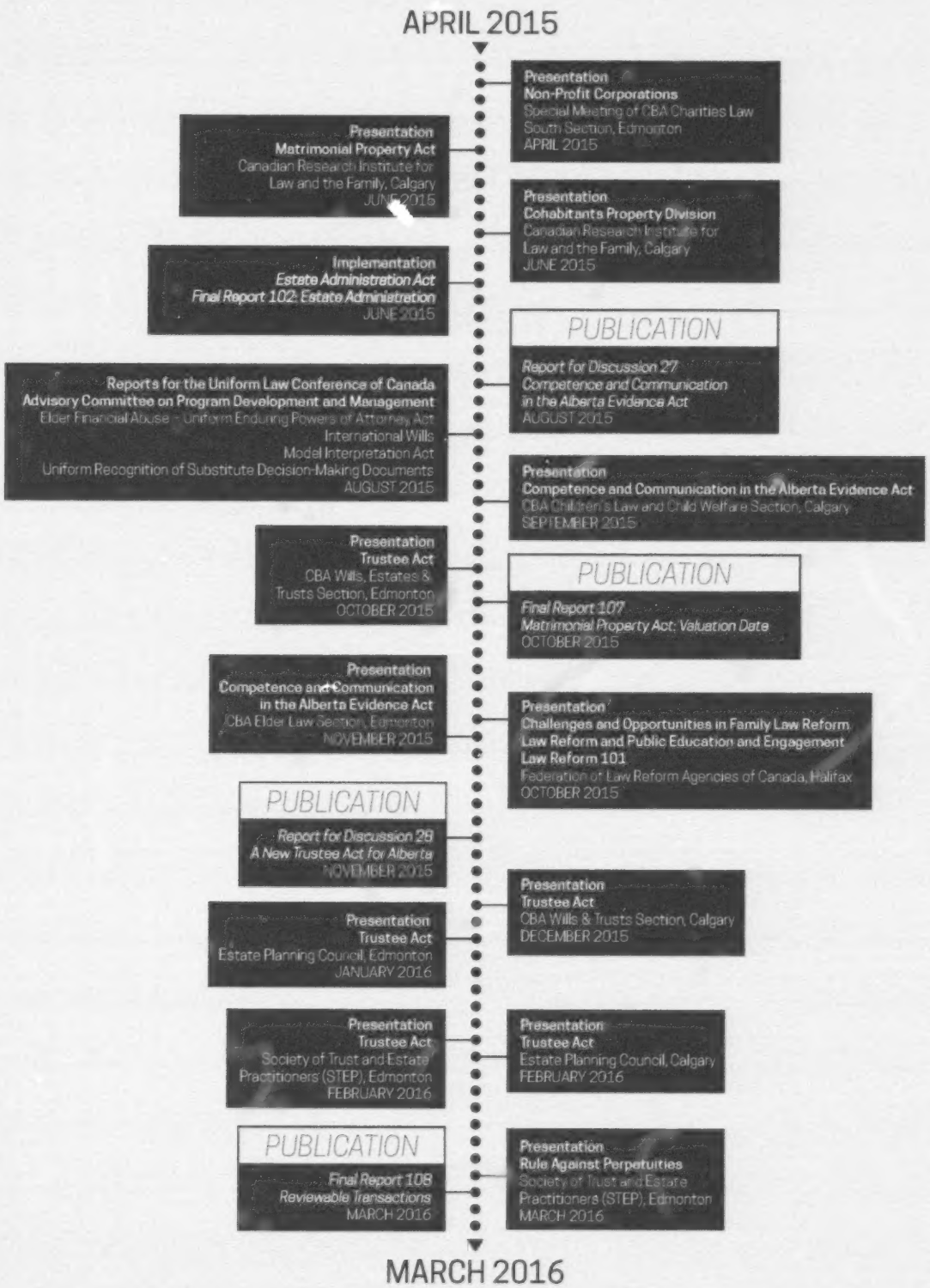
Effective in 2016, Sandra Petersson takes over as Executive Director. She has been with ALRI as counsel since 2002 and took on the dual role of research manager in 2006. Sandra has extensive experience in law reform through ALRI as well as through the Uniform Law Conference of Canada and the Federation of Law Reform Agencies of Canada.

Also effective from January 2016, Katherine MacKenzie was deservedly promoted from legal research associate to full legal counsel.

While ALRI has many long-serving staff, 2016 marks Debra Hathaway's 15th year of service. With prior service as Legislative Counsel at Alberta Justice and as counsel to the Manitoba Law Reform Commission, Debra is one of Canada's most senior law reformers and ALRI's second longest serving counsel. Her contributions to the evolution of the law in Alberta are consistent in their high quality and their thorough, thoughtful nature.

ALRI is rightly known for being independent, objective and credible, for ensuring excellence in law reform recommendations and for having a high degree of success in its projects.

2015-2016 AT A GLANCE



WHAT WE DO

ALRI is dedicated to advancing just and effective laws through independent legal research, consultation and analysis. We provide independent, comprehensive advice to the Government of Alberta and other agencies to ensure that the law and the administration of justice are kept up to date and serve Albertans to the best extent possible. Our mandate for law reform is set out in the objectives in the 2012 Continuation Agreement:

Our dedicated staff members have more than 100 years of collective law reform experience. They are all skilled professionals and readily take on the challenges of new legal issues, technology and change management.

- **the consideration of matters of law reform with a view to proposing to the appropriate authority the means by which laws of Alberta may be made more useful and effective; and**
- **the preparation of proposals for law reform in Alberta, with respect to both the substantive law and the administration of justice.**

ALRI is rightly known for being independent, objective and credible, for ensuring excellence in law reform recommendations and for having a high degree of success in its projects. Our track record of implementation and our reputation nationally and internationally as a leader in the field of law reform, strongly demonstrate our contribution to the public interest in ways that affect the lives of ordinary Albertans and that help make Alberta a better place in which to live, work and invest.

In the past year we met our stated goal of publishing two Final Reports:

***Matrimonial Property Act: Valuation Date* (Final Report 107, October 2015)**
This report recommends that the *Matrimonial Property Act* should be amended to expressly provide that spouses may agree on a valuation date. If spouses cannot agree on a valuation date, then the Act should provide that property will be valued at the date of separation. Valuation at separation provides greater certainty to settlement discussions and reduces the need and cost for multiple appraisals that may be required when valuation occurs at trial. The report also recommends how post-valuation changes in property or value are best addressed. The report contains sample draft amendments to the *Matrimonial Property Act*.

WHAT WE DO

Reviewable Transactions **(Final Report 108, March 2016)**
This report reviews the Uniform Reviewable Transactions Act developed by the Uniform Law Conference of Canada. The report recommends that the Uniform Act should be implemented in Alberta with minor changes. Adopting the Uniform Act would modernise an outdated area of the law and would establish a clear policy foundation. The report contains sample draft legislation for a *Reviewable Transactions Act*.

We look forward to having these reports reviewed by government and to providing any further assistance that we can to facilitate implementation.

In 2015-2016 we also met our target of publishing two reports for discussion:

Competence and Communication in the Alberta Evidence Act **(Report for Discussion 27, August 2015)**
Alberta legislation is inadequate in addressing witness competence for children and for adults with cognitive impairment. This report makes the preliminary recommendation that a person of any age should be presumed competent to give evidence. The presumption would be rebuttable upon proof that the proposed witness is unable to understand and respond to questions. The report also makes preliminary recommendations regarding when evidence may be given under oath or subject to a promise to tell the truth. The report also addresses witnesses who may have a disability affecting communications.

A New Trustee Act for Alberta **(Report for Discussion 28, November 2015)**
This report reviews the Uniform Trustee Act adopted by the Uniform Law Conference of Canada. The report recommends that the Uniform Act should be implemented in Alberta. However, the report makes preliminary recommendations for several changes to the Uniform Act. These changes are intended to enhance, clarify and tailor the Uniform Act to ensure that Alberta's trustee legislation reflects Alberta law and practice and meets the needs of Albertans. Key areas where preliminary recommendations would change Alberta law include: trustee compensation, trustee powers, variation and non-charitable purpose trusts. Moving through the consultation phase, ALRI is partnering with Alberta Justice and Solicitor General to avoid duplicating the consultation process. The report contains sample draft legislation.

As is noted later in this report, we anticipate the publication of final reports on both these topics in the coming year.

WHAT WE DO

Our Activities in 2015 to 2016

In the past year we maintained our practice of regular reporting to the Benchers of the Law Society of Alberta (five times per year) and the Canadian Bar Association Alberta Branch Council (three times per year). We also provide a regular column to the CBA Alberta Law Matters magazine.

In 2015-2016 we also had the opportunity to make presentations on our projects to the following groups:

Cohabitants – Property Division

Canadian Research Institute for Law and the Family, Calgary – Geneviève Tremblay-McCaig (June 2015)

Competence and Communication in the Alberta Evidence Act

CBA Children's Law and Child Welfare Section, Calgary – Laura Buckingham (September 2015)

CBA Elder Law Section, Edmonton – Laura Buckingham (November 2015)

Matrimonial Property Act

Canadian Research Institute for Law and the Family, Calgary – Katherine MacKenzie (June 2015)

Non-Profit Corporations

Special Meeting of CBA Charities Law South Section in Edmonton – Peter Lown, QC (April 28, 2015)

Rule Against Perpetuities

Society of Trust and Estate Practitioners (STEP), Edmonton – Debra Hathaway (March 2016)

WHAT WE DO

Trustee Act

CBA Wills, Estates & Trusts Section, Edmonton – Sandra Petersson, Robyn Mitchell (October 2015)
CBA Wills & Trusts Section, Calgary – Sandra Petersson, Robyn Mitchell
(December 2015)
Estate Planning Council, Edmonton – Robyn Mitchell (January 2016)
Estate Planning Council, Calgary – Robyn Mitchell (February 2016)
Society of Trust and Estate Practitioners (STEP), Edmonton – Robyn Mitchell (February 2016)

When government implements our recommendations we willingly partner with the Legal Education Society of Alberta (LESA) to assist with background materials or instructors as needed. We also take an active approach to letting LESA know when legislation implementing our reports is pending so that they can plan how best to keep the profession up-to-date with appropriate seminars.

At the national level, ALRI remains connected to other Canadian law reform agencies through the Federation of Law Reform Agencies of Canada (FOLRAC). Two of our staff currently serve on the FOLRAC executive – Sandra Petersson as President and Carol Burgess as Treasurer. FOLRAC hosts a biennial professional development workshop for law reformers. In October 2015, the workshop was hosted by the Law Reform Commission of Nova Scotia in Halifax. ALRI counsel participated as speakers on the following panels:

- **Challenges and Opportunities in Family Law Reform – Geneviève Tremblay-McCaig, Laura Buckingham and Katherine MacKenzie**
- **Law Reform and Public Education and Engagement – Peter Lown, QC**
- **Law Reform 101 – Sandra Petersson**

Due to popular demand, Debra Hathaway also provided her comprehensive work on the process of project selection to participants after the Conference.

WHAT WE DO

ALRI maintains an ongoing connection with the Uniform Law Conference of Canada. Established in 1918, the Conference prepares reports and proposed legislation to harmonise the laws of the provinces and territories. As noted, ALRI has recently published a final report recommending that Alberta adopt the Uniform Reviewable Transactions Act. ALRI also participated in the following reports prepared for the conference in Yellowknife in August 2015:

- **Advisory Committee on Program Development and Management – Peter Lown, QC**
- **Elder Financial Abuse – Uniform Enduring Powers of Attorney Act – Peter Lown, QC**
- **International Wills – Peter Lown, QC**
- **Model Interpretation Act – Sandra Petersson**
- **Uniform Recognition of Substitute Decision-Making Documents – Peter Lown, QC**

Implementation

ALRI has a track record of having roughly 75% of reports implemented by the Government of Alberta. The past year saw the coming into force on June 1, 2015 of the *Estate Administration Act*, SA 2014, c E-12.5. The Act implements recommendations from our report on *Estate Administration* (Final Report 102, August 2013).

HOW WE ARE FUNDED

In 2015-2016 we received funding from the following sources:

Alberta Law Foundation	**$1,095,000**
Alberta Justice & Solicitor General	**215,000**
University of Alberta	**60,000**

While the Law Foundation has provided the lion's share of our operating funds for the past number of years, our operations are also dependent on office space and services in kind provided by the University of Alberta and on office space provided by the University of Calgary.

Further information on our funding, additional revenue, expenses and assets is set out in the financial statements.

OUR PLAN FOR 2016-2017

In the year ahead, we will continue to carry out our core business of law reform. We anticipate publishing final reports on the following projects:

- **Trustee Act**
- **Non-Profit Corporations**
- **Competence and Communication in the Alberta Evidence Act**

We aim to publish both a report for discussion and a final report on the *Perpetuities Act*. We will also publish a report for discussion on property division on relationship breakdown outside of marriage.

We have identified a number of initiatives to improve our processes and operations. Of particular importance for this year's business plan, however, is our commitment to:

- **working with our funders to secure stable operating funding**
- **working with our founding partners to prepare for the renewal of the ALRI Continuation Agreement and**
- **developing a strategic plan to identify and meet the needs of those we serve over the next five years.**

THANK YOU FOR YOUR SUPPORT

The work of law reform would not be possible without the ongoing financial support of our key funders:

The Alberta Law Foundation
Alberta Justice and Solicitor General
The University of Alberta

Support in kind is also provided by:

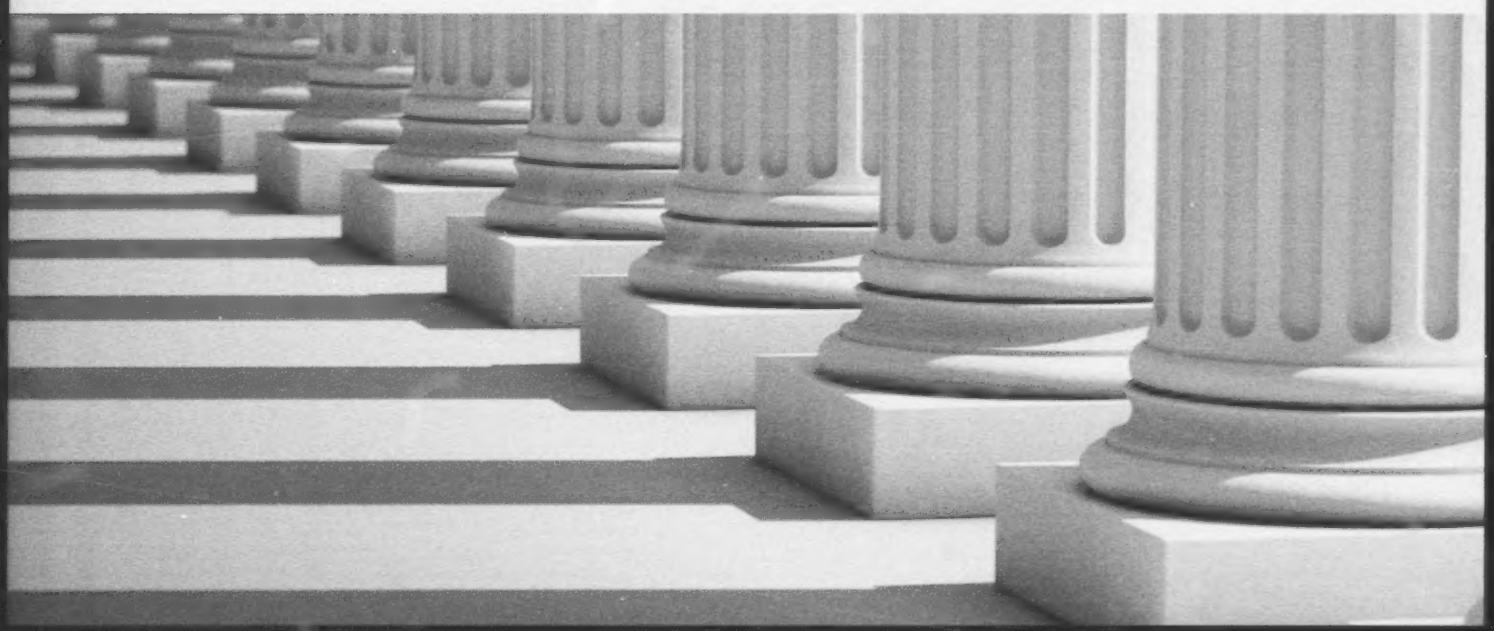
The University of Alberta
The University of Calgary
Gowling WLG
Norton Rose Fulbright Canada LLP

Effective law reform depends on input from practitioners in the area of law under review. The contributions of the following organisations in keeping their members and stakeholders up-to-date on our work are much appreciated:

Law Society of Alberta
Canadian Bar Association, Alberta Branch
Legal Education Society of Alberta

We would also like to thank everyone who provided feedback on our projects through seminars and our website, as well as through correspondence.

Finally, we would like to thank the judges, authors and social media users who refer to our reports in the course of their work.



FINANCIAL STATEMENTS

K·B·H
CHARTERED
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Law Reform Institute

Report on the Financial Statements

We have audited the accompanying financial statements of Alberta Law Reform Institute, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Law Reform Institute as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta
June 24, 2016

KBH
Chartered Accountants

FINANCIAL STATEMENTS

ALBERTA LAW REFORM INSTITUTE

Statement of Financial Position

March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	$ 302,639	$ 426,484
Restricted cash *(Note 4)*	26,998	9,740
	329,637	436,224
EQUIPMENT *(Note 5)*	11,784	18,538
INVESTMENTS HELD FOR SPECIAL RESERVE FUND *(Note 6)*	980,568	986,960
	$ 1,321,989	$ 1,441,722
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 39,409	$ 14,325
Grant funding repayable	34,079	119,365
Deferred contributions *(Note 4)*	26,998	9,740
	100,486	143,430
NET ASSETS		
Invested in equipment	11,784	18,538
Internally restricted - Special Reserve Fund *(Note 7)*	980,568	986,960
Internally restricted - Reserve Fund *(Note 8)*	196,375	261,887
Unrestricted	32,776	30,907
	1,221,503	1,298,292
	$ 1,321,989	$ 1,441,722

ON BEHALF OF THE BOARD

Director

Director

FINANCIAL STATEMENTS

ALBERTA LAW REFORM INSTITUTE

Statement of Operations

Year Ended March 31, 2016

	2016	2015
REVENUE		
Grants *(Note 9)*	$ 1,324,844	$ 1,368,387
Investment income (loss) *(Note 10)*	(11,358)	98,371
Other income	5,912	1,430
	1,319,398	1,468,188
EXPENSES		
Advertising and promotion	-	1,071
Amortization	8,177	7,468
Audit	10,182	11,282
Board travel	11,864	20,026
Communication	850	2,716
Consultants and professional services *(Note 11)*	187,711	245,533
Equipment rental	2,576	3,096
Information technology support	17,819	17,275
Library	1,615	1,367
Meetings and seminars	4,044	2,502
Memberships, dues and subscriptions	17,190	18,405
Postage	1,145	4,447
Printing and copying	3,052	5,848
Professional development	4,182	5,270
Salaries and benefits	1,072,117	1,003,213
Supplies and materials	20,833	26,329
Telephone and fax	7,573	11,142
Travel (staff)	19,076	10,013
	1,390,006	1,397,003
EXCESS OF REVENUE OVER (UNDER) EXPENSES	$ (70,608)	$ 71,185

FINANCIAL STATEMENTS

ALBERTA LAW REFORM INSTITUTE

Statement of Changes in Net Assets

Year Ended March 31, 2016

	2015 Balance	Excess of revenue over (under) expenses	Internal transfers (Note 12)	Transfer to deferred contributions (Note 4)	2016 Balance
Invested in Equipment	$ 18,538	$ (8,177)	$ 1,423	$ -	$ 11,784
Internally restricted - special reserve fund	986,960	(6,392)	-	-	980,568
Internally restricted - reserve fund	261,887	946	(66,458)	-	196,375
Unrestricted	30,907	(56,985)	65,035	(6,181)	32,776
	$ 1,298,292	$ (70,608)	$ -	$ (6,181)	$ 1,221,503

FINANCIAL STATEMENTS

ALBERTA LAW REFORM INSTITUTE

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over (under) expenses	$ (70,608)	$ 71,185
Items not affecting cash:		
Amortization	8,177	7,468
Unrealized (gain) loss on investments	35,267	(73,207)
	(27,164)	5,446
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	25,084	(5,684)
Grant funding repayable	(85,286)	65,828
Deferred contributions	11,077	(2,752)
	(49,125)	57,392
Cash flow from (used by) operating activities	(76,289)	62,838
INVESTING ACTIVITY		
Purchase of equipment	(1,423)	(8,221)
INCREASE (DECREASE) IN CASH FLOW	(77,712)	54,617
Cash - beginning of year	646,549	591,932
CASH - END OF YEAR	$ 568,837	$ 646,549
CASH CONSISTS OF:		
Cash	$ 302,639	$ 426,484
Restricted cash	26,998	9,740
Cash held in special reserve fund	239,200	210,325
	$ 568,837	$ 646,549

FINANCIAL STATEMENTS

ALBERTA LAW REFORM INSTITUTE

Notes to Financial Statements

Year Ended March 31, 2016

1. PURPOSE OF ORGANIZATION

The Alberta Law Reform Institute (the "Institute") was established in 1968 by the Attorney General of Alberta, the Governors of the University of Alberta and the Law Society of Alberta.

The objectives of the Institute are:
(a) the consideration of matters of law reform with a view to proposing to the appropriate authority the means by which laws of Alberta may be made more useful and effective; and
(b) the preparation of proposals for law reform in Alberta, with respect to both the substantive law and the administration of justice.

As a not-for-profit organization, the Institute is not subject to taxation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Financial instruments

Measurement

The Institute initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

Financial assets measured at amortized cost include cash and restricted cash. Financial assets measured at fair value include investments held for special reserve fund. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities and grant funding repayable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

Transaction costs

The Institute recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Cash

Cash includes cash held in trust for the Institute by the University of Alberta. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash (see note 4).

(continues)

ALBERTA LAW REFORM INSTITUTE

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Office furniture and equipment	20%	declining balance method

Collections

The Institute maintains a library of research material and publications. Collections are expensed on acquisition.

Revenue recognition

The Institute follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

FINANCIAL STATEMENTS

ALBERTA LAW REFORM INSTITUTE

Notes to Financial Statements

Year Ended March 31, 2016

3. FINANCIAL INSTRUMENTS

The entity is exposed to various risks through its financial instruments. The following analysis provides information about the entity's risk exposure and concentration as at March 31, 2016.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Institute is exposed to this risk mainly in respect of its receipt of funds from its grant providers and from obligations associated with its accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Institute is mainly exposed to interest rate risk and other price risk.

The Institute's investments in publicly-traded securities and corporate bonds exposes the Institute to price risks as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions of credit markets. The Institute does not use derivative financial instruments to alter the effects of this risk and mitigates this risk by ensuring no individual investment is significant to the overall financial position of the Institute.

4. RESTRICTED CASH AND DEFERRED CONTRIBUTIONS

	2016	2015
Continuity of deferred contributions		
Opening balance	$ 9,740	$ 20,173
Grant funding	15,000	-
Expenses	(3,923)	(2,752)
Transfers from unrestricted fund	7,840	1,858
Transfer of unused project funds to unrestricted net assets	(1,659)	(9,539)
	$ 26,998	$ 9,740

	2016	2015
Deferred contributions are comprised of		
Reserve and administrative projects	$ 11,998	$ 9,740
Trustee Act town hall consultations project	15,000	-
	$ 26,998	$ 9,740

FINANCIAL STATEMENTS

ALBERTA LAW REFORM INSTITUTE

Notes to Financial Statements

Year Ended March 31, 2016

5. EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value
Computer	$ 152,066	$ 143,013	$ 9,053
Office furniture and equipment	38,247	35,516	2,731
	$ 190,313	$ 178,529	$ 11,784

	Cost	Accumulated amortization	2015 Net book value
Computer	$ 152,067	$ 136,197	$ 15,870
Office furniture and equipment	36,823	34,155	2,668
	$ 188,890	$ 170,352	$ 18,538

6. INVESTMENTS HELD FOR SPECIAL RESERVE FUND

	2016	2015
Investments	$ 741,368	$ 776,635
Cash	239,200	210,325
	$ 980,568	$ 986,960

Investments are pooled with endowment investments of the University of Alberta and are managed by the University of Alberta.

7. NET ASSETS - INTERNALLY RESTRICTED - SPECIAL RESERVE FUND

The special reserve fund receives revenue from sources other than operating grants or project grants.

8. NET ASSETS - INTERNALLY RESTRICTED - RESERVE FUND

The Institute has set aside unrestricted surpluses from unexpended Alberta Justice grants as a contingency fund for future expenditures.

FINANCIAL STATEMENTS

ALBERTA LAW REFORM INSTITUTE

Notes to Financial Statements

Year Ended March 31, 2016

9. GRANTS

	2016	2015
Alberta Law Foundation - current year grant	$ 1,095,000	$ 1,025,000
Alberta Law Foundation - refundable portion of current grant	(34,079)	(119,365)
Alberta Justice and Solicitor General	200,000	400,000
University of Alberta	60,000	60,000
Revenue from restricted contributions	3,923	2,752
	$ 1,324,844	$ 1,368,387

The Institute has beneficial relationships with the above noted organizations.

10. INVESTMENT INCOME

	2016	2015
Interest on internally restricted - reserve fund	$ 946	$ 2,202
Interest and realized capital gains on internally restricted - special reserve fund	22,963	22,962
Unrealized capital gains (losses) on internally restricted - special reserve fund	(35,267)	73,207
	$ (11,358)	$ 98,371

11. RELATED PARTY TRANSACTIONS

Professional service fees and salary payments for advisory and management services were paid to a member of management who was also a member of the board of directors in the amount of $185,021 (2015 - $239,200).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The University of Alberta provides office facilities and services at a cost of $1 to the Institute.

12. INTERFUND TRANSFERS

During the year, the Institute transferred $65,234 from the internally restricted reserve fund for regular operating purposes and also transferred $1,423 from the unrestricted fund to investment in equipment for the purchase of equipment.

13. ECONOMIC DEPENDENCE

Alberta Law Reform Institute receives 80% of its revenue from Alberta Law Foundation, 15% from Alberta Justice and Solicitor General, and 4% from the University of Alberta.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Your Views

All of our reports are freely available electronically on our website. A limited number of hard copies are available on request.

We encourage you to contact us. The Your Views section on our website was designed to let you choose to be added to our electronic mailing list or provide comments on the current projects we are working on. You can also use this option to suggest an area for review that we are not currently addressing.

You can also follow us on Twitter at @ablawreform for the latest on our projects and developments in Alberta Law.

402 Law Centre
University of Alberta
Edmonton, AB T6G 2H5

Phone: 780-492-5291
E-mail: lawreform@ualberta.ca
LinkedIn: www.linkedin.com/company/ablawreform

www.alri.ualberta.ca **@ablawreform**